



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Knox County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Knox County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Arthur White & Associates, L.L.C., Certified Public Accountants, is attached.

Claire C. McCaskill  
State Auditor

Report No. 2002-70  
August 30, 2002

**KNOX COUNTY, MISSOURI  
DECEMBER 31, 2000 AND 2001**

KNOX COUNTY, MISSOURI

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## FINANCIAL SECTION

## Independent Auditors' Reports

# ARTHUR WHITE & ASSOCIATES, L.L.C.

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## CERTIFIED PUBLIC ACCOUNTANTS

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Tarkio, Missouri 64491  
Telephone (660) 736-5811  
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Offices also located in:  
St. Joseph, Missouri  
Rock Port, Missouri

### INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

May 1, 2002

To the County Commission  
and  
Officeholders of Knox County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Knox County, Missouri, (County) as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Knox County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Knox County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Knox County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 1, 2002, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.



# ARTHUR WHITE & ASSOCIATES, L.L.C.

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### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

May 1, 2002

To the County Commission  
and  
Officeholders of Knox County, Missouri

We have audited the special-purpose financial statements of various funds of Knox County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 1, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Knox County, Missouri, are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-1, 01-2, 01-3, 01-4 and 01-5.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Knox County, Missouri, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to

record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Knox County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

## Financial Statements

Exhibit A-1

KNOX COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 58,999	\$ 586,129	\$ 478,515	\$ 166,613
Special Road and Bridge	351,996	1,700,935	1,668,985	383,946
Assessment	1,111	78,920	79,621	410
Law Enforcement Training	798	1,834	2,220	412
Prosecuting Attorney Training	348	311	319	340
Sheriff's Fees	6,107	4,719	4,171	6,655
Recorder's User Fee	671	1,967	955	1,683
Health Center	90,289	354,187	321,448	123,028
Circuit Clerk's Interest	577	903	1,000	480
Prosecuting Attorney Crime	2,530	1,387	801	3,116
Children's Trust	1,893	176	-	2,069
Law Enforcement Sales Tax	3,606	148,980	152,462	124
LEPC	-	6,459	3,828	2,631
Law Library	926	350	222	1,054
Election	-	5,784	5,068	716
Technology	-	629	-	629
Total	\$ 519,851	\$ 2,893,670	\$ 2,719,615	\$ 693,906

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

KNOX COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 14,185	\$ 518,857	\$ 474,043	\$ 58,999
Special Road and Bridge	208,501	1,009,114	865,619	351,996
Assessment	175	71,509	70,573	1,111
Law Enforcement Training	836	1,467	1,505	798
Prosecuting Attorney Training	352	251	255	348
Sheriff's Fees	2,492	7,150	3,535	6,107
Recorder's User Fee	1,475	1,944	2,748	671
Health Center	93,142	300,237	303,090	90,289
Circuit Clerk's Interest	2,340	1,172	2,935	577
Prosecuting Attorney Crime	1,324	1,936	730	2,530
Children's Trust	1,623	270	-	1,893
Law Enforcement Sales Tax	220	163,025	159,639	3,606
Law Library	586	340	-	926
Total	<u>\$ 327,251</u>	<u>\$ 2,077,272</u>	<u>\$ 1,884,672</u>	<u>\$ 519,851</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

KNOX COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>VARIOUS FUNDS</b>						
RECEIPTS	\$3,005,507	\$2,892,683	\$ (112,824)	\$2,590,862	\$2,072,962	\$ (517,900)
DISBURSEMENTS	3,188,178	2,719,615	468,563	2,618,909	1,884,672	734,237
RECEIPTS OVER (UNDER) DISBURSEMENTS	(182,671)	173,068	355,739	(28,047)	188,290	216,337
CASH, JANUARY 1	515,541	515,541	-	327,251	327,251	-
CASH, DECEMBER 31	\$ 332,870	\$ 688,609	\$ 355,739	\$ 299,204	\$ 515,541	\$ 216,337

The accompanying Notes to the Financial Statements are an integral part of these statements.

KNOX COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
GENERAL REVENUE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 147,300	\$ 154,852	\$ 7,552	\$ 145,800	\$ 143,788	\$ (2,012)
Sales taxes	230,000	281,265	51,265	220,000	232,792	12,792
Intergovernmental	1,000	1,592	592	1,000	678	(322)
Charges for services	99,670	96,843	(2,827)	90,213	87,690	(2,523)
Interest	7,000	6,208	(792)	5,000	6,337	1,337
Other	17,200	20,648	3,448	18,950	20,447	1,497
Transfers in	25,721	24,721	(1,000)	26,306	27,125	819
Total Receipts	527,891	586,129	58,238	507,269	518,857	11,588
<b>DISBURSEMENTS</b>						
County Commission	48,344	48,271	73	43,068	44,017	(949)
County Clerk	44,959	44,713	246	44,565	44,071	494
Elections	2,500	3,862	(1,362)	10,000	14,310	(4,310)
Buildings and grounds	86,526	66,732	19,794	84,712	68,656	16,056
Employee fringe benefits	53,100	54,602	(1,502)	39,300	38,951	349
County Treasurer	19,275	18,859	416	19,524	18,590	934
County Collector	47,439	46,280	1,159	46,144	45,503	641
Recorder of Deeds	15,673	13,166	2,507	15,478	13,279	2,199
Associate Circuit Court	3,975	2,322	1,653	4,150	1,964	2,186
Court Administration	969	189	780	969	292	677
Public Administrator	37,150	32,624	4,526	21,532	25,044	(3,512)
Prosecuting Attorney	47,089	47,061	28	46,690	46,923	(233)
Juvenile Officer	27,394	24,916	2,478	27,394	22,810	4,584
County Coroner	8,650	6,901	1,749	5,447	4,376	1,071
General	-	-	-	41,530	48,375	(6,845)
Public Defender/LEPC	-	52,926	(52,926)	4,730	6,713	(1,983)
Court Report	-	123	(123)	365	169	196
Transfers out	27,374	14,968	12,406	40,529	30,000	10,529
Emergency Fund	65,500	-	65,500	15,500	-	15,500
Other	48,077	-	48,077	-	-	-
Total Disbursements	583,994	478,515	105,479	511,627	474,043	37,584
RECEIPTS OVER (UNDER) DISBURSEMENTS	(56,103)	107,614	163,717	(4,358)	44,814	49,172
CASH, JANUARY 1	58,999	58,999	-	14,185	14,185	-
CASH, DECEMBER 31	\$ 2,896	\$ 166,613	\$ 163,717	\$ 9,827	\$ 58,999	\$ 49,172

The accompanying Notes to the Financial Statements are an integral part of these statements.

## Exhibit B-3

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 313,100	\$ 327,061	\$ 13,961	\$ 307,200	\$ 306,301	\$ (899)
Sales tax	115,000	140,374	25,374	110,000	116,102	6,102
Intergovernmental	1,351,825	1,170,746	(181,079)	983,790	518,110	(465,680)
Interest	8,000	18,947	10,947	8,000	18,955	10,955
Other	94,500	43,807	(50,693)	60,500	49,646	(10,854)
Total Receipts	1,882,425	1,700,935	(181,490)	1,469,490	1,009,114	(460,376)
DISBURSEMENTS						
Salaries	240,000	258,204	(18,204)	240,000	217,508	22,492
Employee fringe benefits	158,130	52,507	105,623	50,000	81,863	(31,863)
Supplies	126,750	141,839	(15,089)	126,250	113,032	13,218
Insurance	10,000	11,946	(1,946)	9,396	20,963	(11,567)
Road and bridge materials	372,000	218,439	153,561	372,000	239,335	132,665
Equipment repairs	25,000	8,538	16,462	25,000	26,953	(1,953)
Rentals	5,000	10,090	(5,090)	5,000	3,650	1,350
Equipment purchases	202,200	279,418	(77,218)	152,000	120,897	31,103
Construction, repair, and maintenance	890,825	662,726	228,099	503,290	16,217	487,073
Other	1,050	557	493	1,150	695	455
Transfers out	24,721	24,721	-	26,506	24,506	2,000
Total Disbursements	2,055,676	1,668,985	386,691	1,510,592	865,619	644,973
RECEIPTS OVER (UNDER) DISBURSEMENTS	(173,251)	31,950	205,201	(41,102)	143,495	184,597
CASH, JANUARY 1	351,996	351,996	-	208,501	208,501	-
CASH, DECEMBER 31	\$ 178,745	\$ 383,946	\$ 205,201	\$ 167,399	\$ 351,996	\$ 184,597

The accompanying Notes to the Financial Statements are an integral part of these statements.



Exhibit B-4

KNOX COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSESSMENT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 67,381	\$ 65,020	\$ (2,361)	\$ 65,197	\$ 60,948	\$ (4,249)
Interest	561	394	(167)	469	561	92
Other	-	506	506	-	-	-
Transfers in	11,374	13,000	1,626	11,529	10,000	(1,529)
Total Receipts	79,316	78,920	(396)	77,195	71,509	(5,686)
DISBURSEMENTS						
Assessor	79,316	79,621	(305)	77,195	70,573	6,622
Total Disbursements	79,316	79,621	(305)	77,195	70,573	6,622
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(701)	(701)	-	936	936
CASH, JANUARY 1	1,111	1,111	-	175	175	-
CASH, DECEMBER 31	\$ 1,111	\$ 410	\$ (701)	\$ 175	\$ 1,111	\$ 936

The accompanying Notes to the Financial Statements are an integral part of these statements.

## Exhibit B-5

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,500	\$ 1,050	\$ (450)	\$ 1,500	\$ 1,467	\$ (33)
Interest	-	23	23	-	-	-
Other	-	761	761	-	-	-
Total Receipts	1,500	1,834	334	1,500	1,467	(33)
DISBURSEMENTS						
Training	1,500	2,220	(720)	1,500	1,505	(5)
Total Disbursements	1,500	2,220	(720)	1,500	1,505	(5)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(386)	(386)	-	(38)	(38)
CASH, JANUARY 1	798	798	-	836	836	-
CASH, DECEMBER 31	\$ 798	\$ 412	\$ (386)	\$ 836	\$ 798	\$ (38)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-6

KNOX COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ -	\$ 39	\$ 39			
Charges for service	250	261	11	\$ 200	\$ 232	\$ 32
Interest	20	11	(9)	10	19	9
Total Receipts	270	311	41	210	251	41
DISBURSEMENTS						
Mileage/training	300	319	(19)	100	255	(155)
Total Disbursements	300	319	(19)	100	255	(155)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30)	(8)	22	110	(4)	(114)
CASH, JANUARY 1	348	348	-	352	352	-
CASH, DECEMBER 31	\$ 318	\$ 340	\$ 22	\$ 462	\$ 348	\$ (114)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-7

KNOX COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SHERIFF'S FEES

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 7,000	\$ 4,515	\$ (2,485)	\$ 5,300	\$ 7,150	\$ 1,850
Interest	-	204	204	-	-	-
Total Receipts	7,000	4,719	(2,281)	5,300	7,150	1,850
DISBURSEMENTS						
Training	7,000	4,171	2,829	5,300	3,535	1,765
Total Disbursements	7,000	4,171	2,829	5,300	3,535	1,765
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	548	548	-	3,615	3,615
CASH, JANUARY 1	6,107	6,107	-	2,492	2,492	-
CASH, DECEMBER 31	\$ 6,107	\$ 6,655	\$ 548	\$ 2,492	\$ 6,107	\$ 3,615

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-8

KNOX COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER'S USER FEE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,920	\$ 1,934	\$ 14	\$ 2,000	\$ 1,874	\$ (126)
Interest	587	33	(554)	260	70	(190)
Other	1,528	-	(1,528)	-	-	-
Total Receipts	4,035	1,967	(2,068)	2,260	1,944	(316)
DISBURSEMENTS						
Office	1,900	-	1,900	1,000	869	131
Equipment	479	955	(476)	-	1,879	(1,879)
Total Disbursements	2,379	955	1,424	1,000	2,748	(1,748)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,656	1,012	(644)	1,260	(804)	(2,064)
CASH, JANUARY 1	671	671	-	1,475	1,475	-
CASH, DECEMBER 31	\$ 2,327	\$ 1,683	\$ (644)	\$ 2,735	\$ 671	\$ (2,064)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-9

KNOX COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
HEALTH CENTER FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 50,000	\$ 53,101	\$ 3,101	\$ 49,000	\$ 49,661	\$ 661
Intergovernmental	302,839	271,522	(31,317)	328,683	233,117	(95,566)
Charges for services	5,000	8,036	3,036	1,200	8,137	6,937
Interest	2,744	5,967	3,223	5,000	5,169	169
Other	600	15,561	14,961	3,500	4,153	653
Total Receipts	361,183	354,187	(6,996)	387,383	300,237	(87,146)
DISBURSEMENTS						
Salaries	239,067	241,981	(2,914)	247,120	219,235	27,885
Office expenditures	22,175	20,475	1,700	32,250	21,057	11,193
Equipment and supplies	3,000	3,590	(590)	2,500	3,903	(1,403)
Mileage and training	8,500	10,416	(1,916)	11,500	8,688	2,812
Principal and interest	8,879	8,877	2	19,000	8,877	10,123
Other	37,415	36,109	1,306	58,950	41,330	17,620
Total Disbursements	319,036	321,448	(2,412)	371,320	303,090	68,230
RECEIPTS OVER (UNDER) DISBURSEMENTS	42,147	32,739	(9,408)	16,063	(2,853)	(18,916)
CASH, JANUARY 1	90,289	90,289	-	93,142	93,142	-
CASH, DECEMBER 31	\$ 132,436	\$ 123,028	\$ (9,408)	\$ 109,205	\$ 90,289	\$ (18,916)

The accompanying Notes to the Financial Statements are an integral part of these statements.

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 CIRCUIT CLERK'S INTEREST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 500	\$ 903	\$ 403	\$ -	\$ 1,172	\$ 1,172
Total Receipts	500	903	403	-	1,172	1,172
DISBURSEMENTS						
Equipment	-	-	-	-	2,935	(2,935)
Turned over to Treasurer	-	1,000	(1,000)	-	-	-
Total Disbursements	-	1,000	(1,000)	-	2,935	(2,935)
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	(97)	(597)	-	(1,763)	(1,763)
CASH, JANUARY 1	577	577	-	2,340	2,340	-
CASH, DECEMBER 31	\$ 1,077	\$ 480	\$ (597)	\$ 2,340	\$ 577	\$ (1,763)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-11

KNOX COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY CRIME FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Services	\$ 1,900	\$ 1,293	\$ (607)	\$ 900	\$ 1,828	\$ 928
Interest	110	94	(16)	70	108	38
Total Receipts	2,010	1,387	(623)	970	1,936	966
DISBURSEMENTS						
Mileage/training	900	801	99	1,000	730	270
Total Disbursements	900	801	99	1,000	730	270
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,110	586	(524)	(30)	1,206	1,236
CASH, JANUARY 1	2,530	2,530	-	1,324	1,324	-
CASH, DECEMBER 31	\$ 3,640	\$ 3,116	\$ (524)	\$ 1,294	\$ 2,530	\$ 1,236

The accompanying Notes to the Financial Statements are an integral part of these statements.



KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 CHILDREN'S TRUST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charge for services	\$ 170	\$ 110	\$ (60)	\$ 115	\$ 175	\$ 60
Interest	80	66	(14)	70	95	25
Total Receipts	250	176	(74)	185	270	85
DISBURSEMENTS						
Children's Trust	-	-	-	-	-	-
Total Disbursements	-	-	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	250	176	(74)	185	270	85
CASH, JANUARY 1	1,893	1,893	-	1,623	1,623	-
CASH, DECEMBER 31	\$ 2,143	\$ 2,069	\$ (74)	\$ 1,808	\$ 1,893	\$ 85

The accompanying Notes to the Financial Statements are an integral part of these statements.

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW ENFORCEMENT SALES TAX FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales tax	\$ 120,000	\$ 140,985	\$ 20,985	\$ 110,000	\$ 116,179	\$ 6,179
Intergovernmental	-	1,496	1,496	-	-	-
Charges for services	1,080	5,467	4,387	-	1,080	1,080
Interest income	625	228	(397)	100	625	525
Other	100	304	204	-	9,076	9,076
Transfers in	15,000	500	(14,500)	29,000	36,065	7,065
Total Receipts	136,805	148,980	12,175	139,100	163,025	23,925
DISBURSEMENTS						
Salary	91,755	111,018	(19,263)	93,775	101,629	(7,854)
Office expense	2,500	3,824	(1,324)	2,300	2,019	281
Equipment	4,000	2,238	1,762	4,000	19,620	(15,620)
Mileage	4,000	5,762	(1,762)	8,000	6,456	1,544
Other	33,000	29,620	3,380	30,700	29,915	785
Total Disbursements	135,255	152,462	(17,207)	138,775	159,639	(20,864)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,550	(3,482)	(5,032)	325	3,386	3,061
CASH, JANUARY 1	3,606	3,606	-	220	220	-
CASH, DECEMBER 31	\$ 5,156	\$ 124	\$ (5,032)	\$ 545	\$ 3,606	\$ 3,061

The accompanying Notes to the Financial Statements are an integral part of these statements.

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LEPC FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Other	\$ 2,322	\$ 6,459	\$ 4,137	\$ -	\$ -	\$ -
Total Receipts	2,322	6,459	4,137	-	-	-
DISBURSEMENTS						
General	2,322	3,828	(1,506)	-	-	-
Total Disbursements	2,322	3,828	(1,506)	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENT	-	2,631	2,631	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 2,631	\$ 2,631	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW LIBRARY FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
	\$ -	\$ 350	\$ 350	\$ -	\$ 340	\$ 340
Total Receipts	-	350	350	-	340	340
DISBURSEMENTS						
Law Library	500	222	278	500	-	500
Total Disbursements	500	222	278	500	-	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	128	628	(500)	340	840
CASH, JANUARY 1	926	926	-	586	586	-
CASH, DECEMBER 31	\$ 426	\$ 1,054	\$ 628	\$ 86	\$ 926	\$ 840

The accompanying Notes to the Financial Statements are an integral part of these statements.

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 ELECTION FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charge for services	\$ -	\$ 5,778	\$ 5,778	\$ -	\$ -	\$ -
Interest	-	6	6	-	-	-
Total Receipts	-	5,784	5,784	-	-	-
DISBURSEMENTS						
Election	-	5,068	(5,068)	-	-	-
Total Disbursements	-	5,068	(5,068)	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	716	716	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 716	\$ 716	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

KNOX COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 TECHNOLOGY FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charge for services	\$ -	\$ 627	\$ 627	\$ -	\$ -	\$ -
Interest	-	2	2	-	-	-
Total Receipts	-	629	629	-	-	-
DISBURSEMENTS						
Technology	-	-	-	-	-	-
Total Disbursements	-	-	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	629	629	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 629	\$ 629	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

## Notes to the Financial Statements

# KNOX COUNTY, MISSOURI

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

### 1. Summary of Significant Accounting Policies

#### A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Knox County, Missouri, (County) and comparisons of such information with the corresponding budgeted information for various funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the. The General Revenue Fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

#### B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

#### C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the County did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk's Interest Fund	2001 and 2000
Election Fund	2001
Technology Fund	2001



KNOX COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

C. Budgets and Budgetary Practices, (Continued)

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2001
Law Enforcement Training Fund	2001 and 2000
Prosecuting Attorney Training Fund	2001 and 2000
Recorder's User Fees Fund	2000
Health Center Fund	2001
Law Enforcement Sales Tax Fund	2001 and 2000
LEPC Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the County's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
LEPC Fund	2001
Law Library Fund	2001 and 2000

## KNOX COUNTY, MISSOURI

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

#### 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The County's deposits at December 31, 2001 and 2000 were entirely covered by federal depositary insurance or by collateral securities held by the County's custodial bank in the County's name.

The Health Center's deposits at December 31, 2001 and 2000 were entirely covered by federal depositary insurance or by collateral securities held by the Health Center's custodial bank in the Health Center's name.

## Supplementary Schedule

## Schedule

KNOX COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Passed-through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	43-600192700	\$ 15,367	\$ 15,732
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	97PF19 99-ME-03	319,936	
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	N/A	2,102	
Passed through:				
State Department of Public Safety -				
16.592	Local Law Enforcement Block Grants Program	99-LBG-053		9,000
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,081	1,099
Total pass-through programs			1,081	10,099
Total U.S. Department of Justice			3,183	10,099
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-B052-15		54,607
20.205	Highway Planning and Construction	BRO-052(14)	382,791	
Total pass-through programs			382,791	54,607
Total U.S. Department of Transportation			382,791	54,607

(continued)

## Schedule

KNOX COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management - State and Local Assistance	N/A	3,828	6,713
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	43-600192700	1,274	1,007
93.268	Immunization Grants	103001	7,268	7,000
93.575	Child Care and Development Block Grant	43-600192700	2,977	1,425
93.991	Preventive Health and Health Services Block Grant	43-12644820	35,786	9,433
				83
			35,786	9,516
93.994	Maternal and Child Health Services	43-600192700		
	Block Grant to the States	43-12644820	11,640	16,500
		103001	818	417
			12,458	16,917
Total pass-through programs			59,763	35,865
Total U.S. Department of Health and Human Services			59,763	35,865
Total Expenditures of Federal Awards			\$ 784,868	123,016

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

KNOX COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Knox County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

## KNOX COUNTY, MISSOURI

### NOTES TO THE SUPPLEMENTARY SCHEDULE (CONTINUED) AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

#### C. Basis of Accounting (Continued)

Of the amounts for Immunization Grants (CFDA number 93.268), \$7,268 and \$7,000 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$0 and \$83 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$818 and \$417 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. The remaining amounts for the Preventive Health and Health Services Block Grant and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

#### 2. Subrecipients

The County provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.



FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## Independent Auditors' Report

# ARTHUR WHITE & ASSOCIATES, L.L.C.

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## CERTIFIED PUBLIC ACCOUNTANTS

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Tarkio, Missouri 64491  
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Offices also located in:  
St. Joseph, Missouri  
Rock Port, Missouri

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

May 1, 2002

To the County Commission  
and  
Officeholders of Knox County, Missouri

#### Compliance

We have audited the compliance of Knox County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Knox County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000.

## Internal Control Over Compliance

The management of Knox County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Knox County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

Schedule

KNOX COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified?        yes   X   no

Reportable condition identified that is  
not considered to be a material weakness?   X   yes        none reported

Noncompliance material to the financial statements  
noted?   X   yes        no

Federal Awards

Internal control over major programs:

Material weaknesses identified?        yes   X   no

Reportable conditions identified that are  
not considered to be material weaknesses?        yes   X   none reported

Type of auditors' report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?        yes   X   no

Identification of major programs:

CFDA or  
Other Identifying

<u>Number</u>	<u>Program Title</u>
14.228	Community Development Block Grant
20.205	State Highway and Transportation Commission

KNOX COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditors' Results (Continued)**

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes        X   no

**Section II - Financial Statement Findings**

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

01-1 Condition: The minutes of County Commission meetings are not complete.

Criteria: As noted in the previous auditor's report, Section 51.120, RSMo 2000, requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission. Timely preparation and approval not only ensures authenticity of official minutes, but allows a review of the contents to ensure that the minutes include all important information regarding the meeting held.

Effect: The County is not in compliance with Section 51.120, RSMo 2000.

Recommendation: We recommend that a complete record of County Commission meetings be prepared and approved on a timely basis.

Auditee's response: We will strive to prepare more complete minutes in the future.

01-2 Condition: Published financial statements do not include all County funds.

Criteria: As noted in note 1D in the notes to the financial statements, Sections 50.800 and 50.810, RSMo 2000, provide that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds.

Effect: The annual published financial statements of the County are not in compliance with Sections 50.800 and 50.801, RSMo 2000.

KNOX COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

Recommendation: We recommend that financial information for all County funds be properly reported in the annual published financial statements.

Auditee's response: We will try to include all County funds in published financial statements in the future.

- 01-3 Condition: As noted in note 1C in the notes to the financial statements, warrants were issued in excess of approved budgets in some funds.

Criteria: Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Effect: The County is not in compliance with Section 50.740, RSMo 2000.

Recommendation: We recommend that warrants not be issued in excess of budgeted funds.

Auditee's response: We will attempt to ensure that warrants do not exceed budgeted amount in any fund in the future.

- 01-4 Condition: The County has prepaid employees by issuing payroll checks prior to the time for which employees are being paid.

Criteria: Article 6 Sections 23 and 25 of the state Constitution prohibits uses of public monies for the aid of private individuals.

Effect: The County has violated the state constitution by paying employees before regular paydays.

Recommendation: We recommend the County discontinue the practice of making payroll advances.

Auditee's response: This practice will be discontinued.



## KNOX COUNTY, MISSOURI

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION) YEARS ENDED DECEMBER 31, 2001 AND 2000

01-5 Condition: The County Clerk does not maintain an account book with the County Collector, which summarizes all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts.

Criteria: Section 51.150, RSMo 2000 requires the County Clerk to keep just accounts between the County and all persons chargeable with moneys payable into the County treasury.

Effect: Failure of the County Clerk to verify the tax books could result in errors or intentional misstatements going undetected.

Recommendation: We recommend the County Clerk maintain an account book from aggregate abstracts, court orders, monthly statements of collections, and the tax books to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate.

Auditee's response: We will try to improve the system.

#### **Section III – Federal Award Findings and Questioned Costs**

This section includes no audit findings that Section .510 (a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

## Follow-Up on Prior Audit Findings

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standard*

KNOX COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

KNOX COUNTY, MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the County's management.

**Finding 99-1:**

Federal Grantor:	U. S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO – 052 (10); BRO – 052 (12); BRO – 052 (13); and BRO – 052 (14)
Award Year:	1999 and 1998
Questioned Costs:	\$62,161

- A. The County did not have specific procedures in place to track federal assistance for preparation of a schedule of expenditures of federal awards.

Recommendation: The County Clerk and the Health Center prepare a complete and accurate schedule of expenditures of federal awards.

Status: Implemented.

- B. The County held reimbursements for excessive periods of time before the related payments were made to the contractor.

Recommendation: Establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

Status: Implemented.

KNOX COUNTY, MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
IN ACCORDANCE WITH OMB CIRCULAR A-133

- C. The County incurred \$62,161 in engineering costs to various County bridge projects. There was no documentation to indicate that the County Commission considered other engineering firms when procuring these services. The \$62,161 was presented as questioned costs.

Recommendation: Resolve the questioned costs with the grantor agency. For future projects, a statement of qualifications and performance data should be obtained from at least three engineering firms before contracting for these services.

Status: Partially implemented. There is no indication that the questioned costs have been resolved with the grantor agency. The County now obtains qualifications and performance data from at least three engineering firms before contracting for these services.